GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA

UNSTARRED QUESTION NO:3872
ANSWERED ON:17.08.2001
TAKEOVER CODE FOR THE LISTED PSUS
GANGASANDRA SIDDAPPA BASAVARAJ

Will the Minister of DISINVESTMENT be pleased to state:

(a) whether Finance Ministry has yet again rejected the Department of Disinvestment`s demand seeking exemption from the Takeover Code for the listed PSUs;

(b) if so, the main reasons for rejection;

(c) the extent to which it is likely to affect the PSUs;

(d) whether the Department of Disinvestment had argued that the strategic sale in PSUs alongwith a mandatory open offer of 20 per cent would reduce the floating stock with the public and lead to thin trading in the stocks; and

(e) if so, the other steps the Government are considering to take in this regard?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE DEPARTMENT OF DISINVESTMENT, MINISTER OF STATE MINISTRIES OF PLANNING, STATISTICS & PROGRAMME IMPLEMENTATION AND MINISTER OF STATE IN THE DEPARTMENT OF ADMINISTRATIVE REFORMS AND PUBLIC GRIEVANCE (SHRI ARUN SHOURIE)

(a) No, Sir.

(b) & (c) Do not arise.

(d) The open offer process results in purchase of shares of the listed Company by the acquirer. This automatically results in reduction of stocks of shares in the market.

(e) The SEBI Takeover Code prescribes adequate steps to maintain the stock in the market in the event of reduction of floating stock of shares due to open offer. These steps include issue of fresh shares to the market by the acquirer subsequent to the open offer.